Q1 2018

Earnings Disclosure
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Q1 (Jan–Mar 2018) Performance Highlights

- **Non Performing Loans**: 2.80%
- **Customer Advances**: BDT 76.5 bn, 7% YoY growth
- **Net Profit After Tax**: BDT 551 mn, 8% YoY de-growth
Strong loan growth amid liquidity pressure in the market

- Highest quarterly growth in customers loans for the last four quarters, achieved through re-allocating assets from low-yielding placements
Deposits remained flat

- Money market tightened during the quarter prompting a 227 bps increase in marginal cost of deposits in Q1
- Competition for deposits expected to remain intense throughout the year
SME continued impressive growth

- Majority of the growth delivered by Small Enterprise Finance (SEF), which now stands at BDT 24,642mn - having grown 7% during the first quarter
Consumer loan growth remains consistent

- Consistent growth maintained during the quarter - Home Loans grew by 4% to BDT 22,614mn

- Home loan growth pan industry might suffer this year due to significant increase in interest rates and construction costs
Corporate portfolio grew despite rate hike

- Corporate portfolio experienced significant growth in Q1 with most customers opting to draw the committed facilities.

- The portfolio grew by 16% Y-o-Y.
NPL remained controlled

Portfolio Composition  BDT mn
Q1, 2018

Corporate 17,151 33%
Consumer 24,861 44%
SME 32,646 44%

NPL%

Q1:17 2.79%  Q2:17 2.84%  Q3:17 2.83%  Q4:17 2.77%  Q1:18 2.80%
Slight increase in Operating Income from the preceding quarter

- 2% YoY increase in NII against 13% increase in Customer Assets as margins tighten
- *Fees and other income* took a dip in the previous two quarters mainly due to decreased turnover in the Stock Market
Expenses contained at desired level

- Operating expense fell 7% from the last quarter to stay at the lowest level within the last 5 quarters.

- Cost to income ratio for the quarter indicates slight improvement due to lower operating expense coupled with 3% QoQ growth in Operating Income.
YoY Performance Metrics: Q1 (Jan-Mar)

- **Customer Assets**: Q1 2017: 67,651, Q1 2018: 76,452 (13% growth)
- **Customer Deposits**: Q1 2017: 51,319, Q1 2018: 59,854 (17% growth)
- **Net Interest Income**: Q1 2017: 950, Q1 2018: 968 (2% growth)
- **Fee & Other Income**: Q1 2017: 356, Q1 2018: 225 (37% reduction)
- **Investment Income**: Q1 2017: 333, Q1 2018: 265 (20% reduction)
- **Operating Income**: Q1 2017: 1,639, Q1 2018: 1,458 (11% reduction)
- **Operating Profit**: Q1 2017: 1,071, Q1 2018: 894 (17% reduction)
- **Net Profit**: Q1 2017: 601, Q1 2018: 551 (8% reduction)

BDT mn

Performance Metrics: Q1 (Jan-Mar)
## Profit contribution from different entities

<table>
<thead>
<tr>
<th></th>
<th>Q1’2017</th>
<th>Q1’2018</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDLC Finance Limited</td>
<td>335</td>
<td>395</td>
<td>18%</td>
</tr>
<tr>
<td>IDLC Securities Limited</td>
<td>177</td>
<td>74</td>
<td>58%</td>
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<tr>
<td>IDLC Investments Limited</td>
<td>82</td>
<td>70</td>
<td>15%</td>
</tr>
<tr>
<td>IDLC Asset Management Limited</td>
<td>7</td>
<td>11</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Consolidated NPAT</strong></td>
<td><strong>601</strong></td>
<td><strong>551</strong></td>
<td><strong>8%</strong></td>
</tr>
</tbody>
</table>

*Slide 13 of 18*
Strong shareholder returns despite competitive pressures

**Earnings per Share**

- Q1:17: 1.70
- Q2:17: 1.60
- Q3:17: 1.81
- Q4:17: 1.32
- Q1:18: 1.46

**Return on Asset (annualized)**

- Q1:17: 2.88%
- Q2:17: 2.69%
- Q3:17: 2.92%
- Q4:17: 2.14%
- Q1:18: 2.29%

**Book Value per Share**

- Q1:17: 29
- Q2:17: 30
- Q3:17: 32
- Q4:17: 33
- Q1:18: 32 *

**Return on Equity (annualized)**

- Q1:17: 24.23%
- Q2:17: 22.23%
- Q3:17: 24.29%
- Q4:17: 17.40%
- Q1:18: 17.90%

* Ex-dividend
Operating well within regulatory limits

Capital Adequacy Ratio (CAR)

- Regulatory Minimum: 10.0%
- Actual as of 31 Mar 2018: 14.5%*

Loan to Fund

- Regulatory Maximum: 95.0%
- Actual as of 31 Mar 2018: 88.8%

* CAR of IDLC Finance on standalone basis, before consolidation. On a consolidated basis, CAR stands at 16.1% as on 31 March 2018.
Non Financial Highlights: Q1 2018

**CUSTOMER ACQUISITION**
2,840 new customers added during the quarter to take total number of customers in the group to 49,351*

**TECHNOLOGY**
Launched interactive intranet interface for seamless communication
Several process improvement efforts have been initiated, aimed at increasing efficiency

**IDLC GROWTH FUND**
Launched IPO of IDLC Growth Fund – 2nd open end mutual fund managed by IDLC Asset Management Limited

**CSR**
Handed 1,200 blankets to Prothom Alo Trust
Engaged volunteers through the Khushir Kheya platform for the plantation of 1,000 saplings

**AWARDS**
IDLC awarded Best Corporate 2016 by ICMAB

**PEOPLE & CULTURE**
Training to employees: 5,754 hours
Improved performance management system in full roll-out

* Number of customers in IDLC Finance only: 25,733
Looking forward

- Intense competition for deposits expected to continue throughout the year
- Major margin reduction not expected
- Home Loan growth in prime markets may remain sluggish with increase in interest rates. However, we expect to further solidify our footing in 2nd tier cities
- Liquidity pressure may adversely impact industry-wide NPL scenario necessitating more careful monitoring
Q & A